

Position Paper

Priorities of SMEs for the next Multiannual Financial Framework

1. Introductory comments

The Multiannual Financial Framework for 2021 to 2027 (MFF) will be a decisive step for the future of the EU SME policy, because it will define the financial resources available to support SMEs and to implement policy actions for SMEs. At the same time, the MFF has to be agreed in the context of Brexit and the loss of the UK's net contributions and in a time where the EU is confronted with new challenges related to security and migration.

Therefore, UEAPME recommends a MFF with a specific focus on making Europe more competitive and a better place to live instead of trying to protect inefficient structures. Priority should be given to the following challenges that also constitute key areas of importance to SMEs:

- strengthening the industrial base and developing knowledge-intensive services in Europe to ensure that Europe's economy stays able to provide jobs, growth and a high living standard;
- contribute to a stable and inclusive society, in order to ensure social and political stability;
- mastering the change to a more sustainable economy and society;
- support for a knowledge based economy and society by improving Europe's innovation system;
- supporting and pushing needed reforms to improve productivity and competitiveness;
- helping SMEs to catch-up with technological and societal challenges, especially as regards greening, and digitalisation and globalisation;
- reducing the skills gap on labour markets;
- improving access to finance for SMEs and promoting entrepreneurship.

This is why UEAPME would support a future oriented MFF, which puts the jointly agreed global sustainability goals as its overall objective.

2. UEAPME supports to line-up financial support with overarching European goals and interests

This means, UEAPME agrees that European programmes have to prove their European Value Added and should incentivise the implementation of jointly agreed policy priorities with tangible results at all levels. Furthermore, and in order to strengthen the link between the European budget and Europe's priorities, the programmes and instruments in the future MFF should incentivise needed reforms or make financial support conditional on the implementation of jointly agreed reforms. In addition more synergies between the

different programmes and instruments should be established to ensure the optimal use of available resources.

3. UEAPME asks for flexibility as regards the types and instruments for support measures

As regards the financial support for SMEs, for two reasons UEAPME supports the use of financial instruments. First, financial instruments have a higher leverage effect and more SMEs can be supported with the same amount of taxpayers' money and secondly, financial instruments are less likely to distort competition.

Therefore, UEAPME would prefer the use of financial instruments in all cases where support measures are provided to compensate for market failures as regards the ability of SMEs to get access to finance because of involved risks, information deficits or supply side deficits.

In other cases, where support is provided to compensate for positive external effects like in the area of training, voluntary investments in environment and climate protection and investments in research and developments and business support measures for the small and micro enterprises like coaching and mentoring, grants will be necessary to achieve an activity level in line with a societal optimum.

Currently, financial instruments supporting innovation, investment and growth in SMEs are provided by different programmes like COSME, Horizon 2020, the European Fund for Strategic Investment, the European Structural and Investment Funds, the European Social Funds and others. Different regulatory, operational and administrative requirements established by the different programmes create unnecessary burdens for the implementation of the instruments, which are in most cases the same intermediaries at European and national level. Therefore, UEAPME supports the harmonisation of operational rules for financial instruments as long as it is guaranteed that the different objectives and rationales of the current programmes are preserved.

In addition, UEAPME supports the idea to streamline and simplify the huge variety of financial instruments, which currently exists and makes the implementation and use for all intermediaries and beneficiaries quite complicated and in addition creates barriers to blend sources from different programmes into specific initiatives and instruments.

4. UEAPME supports initiatives to make future programmes more transparent and easier accessible and less bureaucratic

UEAPME has already presented its detailed recommendations on how to simplify the administration of ESIF. The most important steps would be:

- applying the Think Small First principles, especially the “only once” to simplify audit procedures and to apply only one administrative formality for beneficiaries available at regional, national and EU level;
- providing a common set of rules where and when possible, including for financial instruments
- improving EU legislation and rules to make them better accessible and more clear

- avoiding gold plating and reduce the possibility for Member States and regional authorities to interpret rules in their way;
- providing explanatory notes for EU documents adapted to the specificities of different stakeholders, i.e. SME friendly note;
- supporting capacity building in form of training for and information of SME intermediary organisations.

5. Specific comments on the most important programmes for SMEs

a. Competitiveness for SMEs - COSME

As SMEs are the main drivers for growth in the EU, the importance and need for a dedicated SME programme cannot be neglected. In addition the majority of the small enterprises have serious difficulties to access the other EU programmes. The current European SME policy and especially the supporting measures and tools, such as the SME tests, the country fact sheets, SME conferences, SME envoys network, are nearly exclusively financed by COSME. Other important initiatives, which are supported under the COSME programme, are in particular the Enterprise Europe Network (EEN), the exchange programme Erasmus for Young Entrepreneurs, the „Intellectual Property Rights SME Helpdesk“ as well as support measures in the area of chemical legislation. It is therefore of key importance to secure a sufficient amount of funding for these measures also post-2020. The future COSME programme should cover all types and sizes of SMEs from all sectors and take into account the whole enterprise's life cycle.

b. Cohesion and Regional Funds - ERDF

European policies, having an impact on SME competitiveness and employment, are implemented at regional level. Cohesion policy priorities concern all regions and must be applied according to their economic and social realities including demographic changes, digitalisation and migration. This requires more flexibility for the regions to guarantee coherence of policies with local realities. This increased flexibility should be accompanied by a binding application of the partnership principle at all levels between administrative authorities and economic and social actors in shared management in the form of multilevel and multi-actors governance". To become reality, the partnership principle must be added to. Priority objectives, implementation conditions and eligibility criteria must be defined at European level in close cooperation with economic and social partners. Operational measures must be defined and set up at the most appropriate regional level with economic and social partners' involvement to cope with territorial realities.

c. Social Funds - ESF

ESF is the main fund for addressing challenges in human capital development and social inclusion. ESF should continue to support structural reforms in key areas such as employment, skills and social policies. ESF plays a major role in adaptability of SMEs and employability of the workforce to cope with

labour market changes, especially those related to digitalisation, green of the economy and globalisation. In those areas the decentralised management structure should be kept and applied with more flexibility and the involving economic and social partners. ESF is also the main financial support to a well-functioning social dialogue. Currently fully decentralised, ESF management should be revised. In order to ensure an efficient role of the social partners in capacity building in the Member States, it could be considered a more centralised ESF management in this area.

d. Framework Programme for Research and Innovation

The next framework programme for Research and Innovation should ensure that the excellent knowledge base in Europe can be translated into business opportunities. Therefore, UEAPME strongly recommends strengthening further the focus on innovation and the involvement of businesses. The next programme should build on the positive experiences with the current SME Instrument and has to ensure that SMEs with a market creating European innovation project continue to be supported by FP 9. Furthermore, UEAPME recommends a more seamless support between support for developing a project and commercialising it.

e. Programme for the Environment and Climate Action (LIFE)

The current LIFE programme does not fit micro- and small businesses, despite the relevance of its priorities for SMEs, such as waste prevention and management, or circular economy. It should be better adapted to the SME reality. Life is a centrally managed programme with large scale projects involving many partners and not easily accessible to SMEs. The main challenge is not its centralised management but its procedures which should be further simplified, require fewer partners and facilitate smaller scale projects, allowing SMEs to directly benefit from its funding to become greener, more energy efficient and to make the transition from linear to circular business models.

f. Erasmus+

Erasmus+ is one of the most successful programmes for fostering mobility of students and learners in Academic Education and in Vocational Education and Training as well as mobility of teachers and trainers. There is no need to revise its decentralised management system deal with national agencies. More important is to better take into account the specificity of work-based VET with SMEs involvement for apprentices. Erasmus+ should continue with additional funding. Further simplification of administrative and financial rules is necessary to better cope with smaller VET mobility projects of apprentices involving small businesses. Learning mobility in VET needs to be further encouraged for the acquisition by VET learners of new soft skills more and more required on the labour market.

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